



U.S. Department of the Interior
"To-Be" Trust Business Model
Process Template

Title: Receive and Post Trust Funds

Identify the process in the "Verb Noun" format. (Ex: Maintain Ownership)

Process Number

FO.1.2a

1. Process Definition *Provide an overview of the process and define its starting and ending points*

1.1 Starts With	The receipt of trust money.
1.2 Process Overview	<p>Invoices are generated automatically from the funds receivable system based on the funds due date and sent to payors with a remittance advice (payment coupon). The coupon is coded to relate a specific contract identifier within the leasing system with associated tract numbers that interface with ownership records in the title system that indicate the appropriate funds receivable files and beneficiary or escrow accounts to be updated. However, the funds receivable entry for production-based land use contracts, such as a timber sale or crop share, is not created until money is received since the amount due is unknown until a production report is submitted with a payment.</p> <p>In most instances, payors submit the payment due with the coupon to a designated lockbox by check or electronic payment. The financial institution contracted to manage the lockbox processes the deposit based on the information indicated on the remittance coupon. The bank deposits the funds for credit to Treasury's General Account and transmits the deposit information to OST Trust Services. This information is loaded into the trust integrated data, updating the funds receivable system. The receipt of funds is recorded as of the date the funds are posted against the funds receivable. Beneficiary accounts are posted in accordance with the contract distribution list and money is disbursed if the beneficiary has selected the automatic payout option. If the remittance advice stipulates, receipts may be posted to both beneficiary and escrow or administrative accounts. If land use contract income is generated from trust assets held in a life estate, then the distribution of money between the life estate (principal) and the remainderman is automatically calculated in accordance with the New Mexico Uniform Principal and Income Act.</p> <p>Money may also be received by account transfer. For instance, if an advance or prepayment of the first month's rent was required before the contract was perfected and the receipt was recorded in a non-trust escrow account, that money is transferred as payment received against the first contract payment due once the contract is complete. Similarly, interest earned from investments is also received and posted to the appropriate accounts without creating a funds receivable entry. Penalties and late fees are automatically calculated by the trust accounting system and update the funds receivable. Additionally, payments from other federal agencies are transmitted via the Intra Governmental Payments and Collections System (IPAC) .</p> <p>The Minerals Management Service (MMS) manages subsurface leases on behalf of the Indian trust. When a royalty report (e.g., Form 2014) is received, the dollar amount reported is reconciled with the actual remittance. The funds received are also reconciled to the production report provided by the operator, the lease detail and ownership interests. This information is transmitted to OST Trust Services and the corresponding beneficiary</p>



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	accounts are updated. In contrast, payments received for inexpensive, revocable permits, such as hunting permits, are received in BIA agency and field offices. The office collects the fee due and mails the funds with a coded remittance coupon to the lockbox.
1.3 Stops With	Updated funds receivable and posted beneficiary accounts.

2. Trust Business Objectives Identify the Comprehensive Trust Model strategic goals and business objectives to which this process contributes.

Goal/Objective
Deposit and post funds to the appropriate accounts in a timely and accurate manner within applicable standards.

3. How should Beneficiaries be involved in this process?

Beneficiary Involvement
No direct beneficiary involvement. However, beneficiaries hold the accounts that may be credited with trust-related receipts.

4. Organizations, Offices and Roles. Identify the DOI organizations and related roles that should be involved in performing the process.

4.1 DOI Organizations. Identify the DOI organizations, offices and individual roles that contribute to this process. DOI organizations include the Office of the Secretary, BIA, OST, BLM, MMS, OHA, OSM among others. Offices include Central Offices, Regional Offices, Agency(Field) Offices, etc. All individual roles that contribute, in a significant manner, should be identified.

Organization	Office	Role	Contribution
BIA	Agency/Field Office		Direct payors to submit funds to the lockbox when they bring payments to the local office. Collect fees for inexpensive, revocable permits, attach a remittance advice, and mail to the lockbox.



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Organization	Office	Role	Contribution
MMS	Financial Management		Receive royalties from trust assets. Reconcile receipts with the royalty report (Form 2014). Reconcile royalties received with the production report. Transmit royalty information to OST Trust Services.
OST	Trust Services, OTFM		Update funds receivable with payments received in the lockbox. Receive royalty detail from MMS. Reconcile royalties received with lease and ownership detail. Post beneficiary accounts. Distribute payments, interest earned and other receipts to appropriate accounts.

4.2 Non-DOI Organizations. Identify the non-DOI organizations that support the execution or control of this process.

External Organization	Contribution
Payors, such as ranchers and farmers	Send payments with remittance advice to lockbox. Pay fees for inexpensive, revocable permits at a BIA agency or field office.
Royalty payors, such as oil and gas operators	Send payments to MMS.
Financial institution	Manage the lockbox operation. Provide deposit information electronically to OST Trust Services. Mail remittance advices to Trust Services daily.
Custodian	Remit funds resulting from investment activity.
Treasury	Receive and hold deposited funds until they are disbursed. Classify deposits to DOI accounts as directed by DOI.
Other federal agencies, including MMS	Remit amounts to Trust Services via IPAC.



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- 5. Event(s)** Identify the events or conditions that start the process. Describe each event and indicate the frequency (daily, monthly, quarterly, etc.) in which each event is expected to occur. An event may be an external interaction (a beneficiary submits an application), the expiration of a period of time (a lease is due to expire in 90 days), or the realization of some pre-defined threshold (an IIM account reaches the automatic disbursement threshold).

Event	Description	Estimated Frequency
Arrival of funds at lockbox	Payors submit funds and remittance advice to the lockbox. Payment may include penalties and late fees.	Daily
Credit of funds to Treasury's General Account	Funds received in the lockbox are credited to Treasury's General Account.	Daily
Performance default occurs	Transfer of funds collected against a performance bond to a trust account.	Daily
IPAC transmittal is received	Transmittal of funds from other federal agencies via IPAC.	Daily
Receipt of investment income	Receipt of investment income from custodian or Treasury is posted to the appropriate account.	Daily
A land use contract bidder is selected	A transfer of non-trust funds to a trust fund account occurs when a successful bidder's deposit is applied to the first payment due on the contract.	Daily
The purchase of an inexpensive, revocable permit	A revocable permit, such as a hunting permit, is issued by a BIA agency or field office.	Daily

- 6. Inputs and Outputs.** Identify and describe all inputs and outputs related to this process. Inputs are information or materials used during the execution of the process; outputs are materials or information produced by the process.

6.1 Inputs

Input	Description
Funds receivable account	Payor accounts created to record receipts due and money received.
Beneficiary account	An account created to receive and disburse trust-related monies to individual Indian and tribal beneficiaries.
Fund receipts	Money received in the lockbox, deposited for credit to Treasury's General Account and posted to the appropriate trust fund account. Funds transferred from a non-trust to a trust account. May include money or transfers received that do not flow through the receivables system, such as interest earned or subsurface lease payments.



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Input	Description
Ownership and distribution information	Ownership information that lists those with an ownership interest in trust assets and those with a financial interest in trust receipts and disbursements. When land use contract payments are received, the funds receivable system interfaces with the leasing system and matches the commitment ID on the remittance coupon with tract IDs which interface with ownership records in the title system in order to identify the account holders who have a financial interest in the incoming funds.

6.2 Outputs

Output	Description
Funds receivable entry	Posted receipts and updated funds receivable balance.
Beneficiary account entry	Posted receipts and updated account balance. May include money or transfers received that do not flow through the receivables system, such as interest earned or subsurface lease payments.

7. Fiduciary and Legal Obligations and Controls

7.1 Obligations Identify and describe the legal and fiduciary obligations that impact this process. For each obligation, indicate the document or commitment that defines the obligation and the citation (paragraph or section) within the document that pertains to this process.

Obligation	Source	Business Impact
Regulations for carrying out the duties to manage and administer trust assets	25 CFR 115	Guidelines for management of trust funds for tribes and individual Indians.
Leasing on trust assets related to bonuses, damages and fees	25 CFR 211.24	Regulation concerning deposit of funds.
Rights of Way: compensation for granting of easements and deposits for survey damages	25 CFR 169.14	Regulation concerning deposit of funds.
Protect the value of a depletable asset	New Mexico Uniform Principal and Income Act	Gives the trustee authority to allocate money earned from a trust land use contract between the life estate and the remainderman.
Federal Oil & Gas Royalty Management Act (FOGRMA)	30 USC 1701	Provides for royalty management on Federal and Indian leases such as revenue accountability requirements.



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Obligation	Source	Business Impact
Freedom of Information Act (FOIA)	5 USC 552	Provides specifically that "any person" can make requests for government information. Citizens who make requests are not required to identify themselves or explain why they want the information they have requested. All branches of the Federal government must adhere to the provisions of FOIA with certain restrictions for work in progress (early drafts), enforcement confidential information, classified documents, and national security information.
Privacy Act of 1974	5 USC 552 (a)	Protects information pertaining to individuals.

7.2 Controls Identify and describe any controls (enforcement mechanisms) that may be used to ensure that the process adheres to obligations and internal process requirements. Controls may be reviews, audits, segregated duties, etc. Indicate the reason that each control should be introduced (name the obligation that a control is intended to enforce; indicate any controls required to ensure consistency or reliability).

Control	Reason	Description
Generally Accepted Accounting Principles (GAAP)	Ensure that financial records meet industry standards and are auditable.	Accounting industry standards.
Federal Financial Accounting Standards	Ensure that financial records meet federal standards and are auditable.	Financial standards issued by the Federal Accounting Standards Advisory Board.
Federal Manager's Financial Integrity Act 1982 (FMFIA)	Ensure compliance with the requirements of internal accounting and administrative controls.	Federal financial standards.
DOI Accounting Handbook	Ensure standard department accounting practices.	Detailed desk procedures that include identified service standards and management overview to ensure service standards are met.
Interagency Handbook	Ensure that the distinctions between the BIA and OST responsibilities are defined, understood and followed.	Define roles and responsibilities of OST and BIA.



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Control	Reason	Description
Risk assessments	Ensure that risks are understood and mitigated as much as possible.	Measurement of quality assurance.
Reconciliation of accounts	Ensure that accounts are in balance.	Analysis of account balances.
Service levels	Performance management.	Agreed upon allowable time limits for performing tasks, such as funds deposit and posting.
Audits	Ensure adherence to policies and procedures and that an audit trail is intact.	Analysis, adjustment of accounts. May include a certification of accuracy from a non-prejudiced accounting professional.
An internal audit control function is in place following OCC requirements to monitor processes	DOI consults with OCC to develop trust standards and regulations to ensure compliance with stated objectives.	Office of Controller of the Currency (OCC) - Regulation 9. Government financial standards.
Month-end unit reconciliation includes an aging process	Identify and clear exceptions, deficiencies and delinquencies within specified timeframes. Exceptions older than the stated standard are reviewed by a senior manager.	Internal control procedure.
Peer review, sampling, management control review and quality assurance	Ensure consistent adherence to financial procedures and accuracy of accounting entries.	Internal audits and checks.

8. Mechanisms (Systems of Record) Identify the mechanisms, or systems, that are needed to support the process (ex: Ownership, Leasing, Workflow Management, Office Filing System, etc.). Indicate the information and activities, relevant to this process, that each system supports.

System Name	Support
Trust Financial Accounting System (TFAS)	Technology that applies receipts, distributions and disbursements to the appropriate beneficiary and escrow accounts. An escrow tracking module is also included.



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System Name	Support
Funds receivable system	Technology that tracks payor commitments of funds, such as leases, judgment awards, sales, probate settlements, and receipts against those commitments. A cash management module that allocates projected and actual receipts to and from beneficiary accounts is also included.
Leasing system	Technology, such as TAAMS Realty, that maintains land use contracts.
Title system	Technology, such as TAAMS Title, that maintains ownership information including those with an ownership interest in trust assets and those with a financial interest in trust receipts and disbursements.
Intra Governmental Payments and Collections System (IPACS)	Technology that transfers funds between governmental departments, bureaus and agencies.

9. Inter-Process Relationships Identify other Trust processes that are related to this process (either predecessors or successors). If applicable, indicate the condition under which the processes are related.

9.1 Predecessors. Predecessors are processes that either produce information required by this process or that result in the need to execute this process.

Process No.	Name	Condition of Relationship
O.3.3	Close Probate Case	A transfer from an estate account to a beneficiary account will occur when a probate case is settled.
FO.1.1a	Create Trust Funds Receivable	A funds receivable entry has been created for a commitment of monies.
FO.1.2b	Receive and Post Non-Trust Funds	Non-trust funds are transferred to the funds receivable system and linked to a specific land use contract.
FO.2.2	Pool and Sweep Funds for Short Term Investment	Receipt of interest earned on trust funds invested with Treasury.
FO.2.3	Execute Trades for Long Term Investment	Funds received from investment transactions.



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9.2 Successors. Successors are processes that either use information produced by this process or that must be executed as a result of performing this process.

Process No.	Name	Condition of Relationship
FO.1.3	Reconcile Exceptions and Produce Report	Unable to post receipts to funds receivable system and/or a beneficiary account.
FO.2.1	Review Accounts and Investment Options	Projected and actual receipts are available for cash management review.
FO.3.1	Create Funds Payable	Receipts are scheduled for disbursement to a beneficiary or third party.
FO.3.4	Disburse Funds	Monies are automatically disbursed to the beneficiary when received.
FO.4	Omnibus Reconciliation	Cash receipts activity available for reconciliation.
FO.5	Reporting and Statements	Receipts have been posted to the appropriate accounts.

10. Comments Summarize any discussion, problems, issues or recommendations that should be considered when reviewing process performance. Category Values (Note, Best Practice, Decision, Problem, Issue, Recommendation)

Category	Comment
Recommendation	Determine if one or multiple lockboxes (e.g. royalties separate from other receipts) in one or multiple locations is most prudent.